

This document provides summary data of the incentives and assistance provided by the Iowa Economic Development Authority (IEDA) since 2007. It includes state data as well as information on our tax and loan-based incentive programs.

State Benefits

BUSINESS DEVELOPMENT TAX CREDIT PROGRAMS

DATA

There are many tax credits available under Iowa law. The numbers presented here address only the business development tax credits provided by IEDA as incentives to economic development projects, particularly those credits that fall under the maximum aggregate tax credit cap in Iowa code section 15.119. The figures listed below include the following IEDA tax credit programs: High Quality Jobs, Enterprise Zones (Business & Housing), Film, Brownfield and Grayfield, Innovation, and Angel Investments.

Fiscal Year	Authorized Cap	Total Awards Made	Credits Actually Claimed
2007	No Cap	\$248,211,388	\$39,110,939
2008	No Cap	\$111,974,083	\$28,194,760
2009	No Cap	\$57,870,078	\$32,733,959
2010	\$185,000,000	\$68,317,095	\$44,205,987
2011	\$120,000,000	\$50,887,920	\$27,518,758
2012	\$120,000,000	\$111,649,144	\$22,029,471
2013 (as of January 25, 2013)	\$120,000,000	*\$82,198,065	N/A

* "Total Awards Made" and "Credits Actually Claimed" figures for FY07-FY12 were pulled from the Department of Revenue's October 2012 Contingent Liability Report. FY13 figures for "Total Awards Made" are from the Iowa Economic Development Authority's Obligation Log and are current through January 25, 2013.

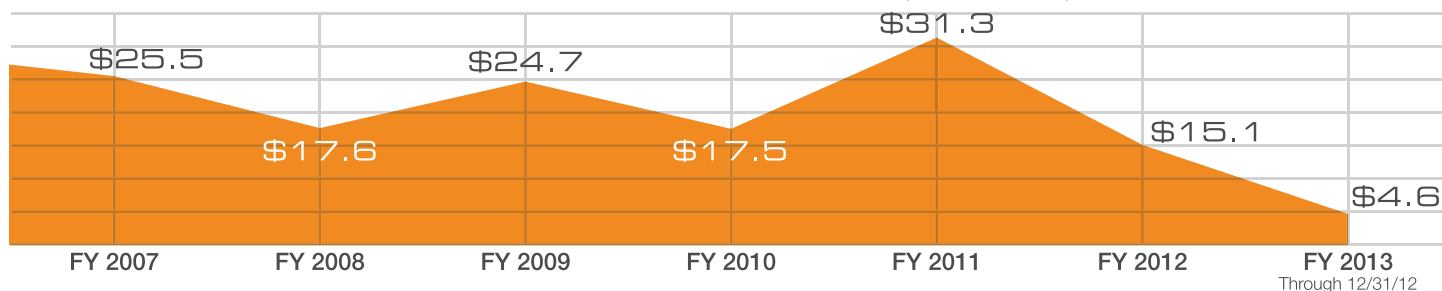
EXPLANATION

- The IEDA currently operates most of its tax credit programs subject to a maximum aggregate cap of \$120M per fiscal year, but this hasn't always been the case. When the cap was first instituted in FY 2010, it was set at \$185M. Before that, there was no cap.
- The biggest share of IEDA tax credit awards is accounted for by the investment tax credits available under HQJ and EZ. When the economy was in recession during 2008 and 2009, capital investment in Iowa slowed and there were fewer and smaller tax credit awards as a result.
- A tax credit dollar awarded is not the same as an appropriated dollar. For various reasons, not every dollar awarded is actually claimed on a tax return. Sometimes, businesses decline the award. Sometimes agreements are terminated before benefits are ever received. Sometimes businesses don't have the tax liability they originally anticipated when the award was negotiated.
- The "real cost" of IEDA tax credit programs is the amount that is actually claimed by businesses with the department of revenue. This figure varies but is typically in the range of 20%-30% of the amount awarded.

LOAN-BASED ASSISTANCE PROGRAMS

Direct financial assistance comes from appropriations or other revenue sources available to the IEDA, such as repayments from prior loans or recaptures of deobligated awards. Direct financial assistance awards at IEDA usually take the form of a loan and/or forgivable loan that is securitized and repayable. Over the years, there have been many direct financial assistance programs funded through IEDA. The below information reflects all direct assistance programs operating at IEDA during the listed fiscal years even though many programs (such as CEBA or the Values Fund) are now repealed.

DIRECT FINANCIAL ASSISTANCE AWARDS (IN MILLIONS)



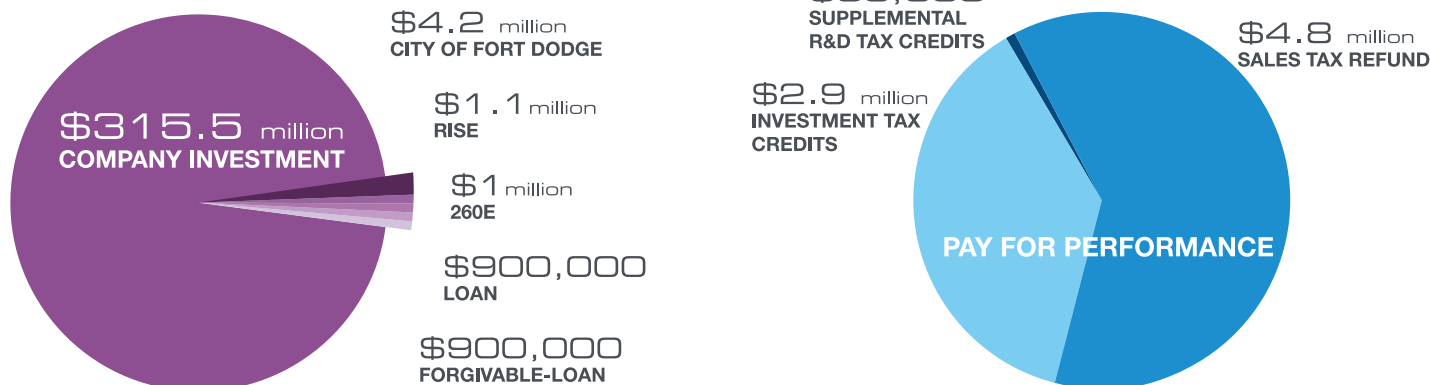
EXAMPLE SCENARIO: FINANCING AN ECONOMIC DEVELOPMENT DEAL

The numbers provided above are rather abstract. Sometimes it helps to understand a program better to look at how all of the various incentive types and state programs come together to make a deal happen.

Often there are many components to a project and many different ways in which the IEDA can be of assistance. For example, in October 2011, the IEDA worked with CJ Cheiljedang, a Korean company and a supplier to Cargill, to help bring 180 jobs and a \$323,737,000 investment to Ft. Dodge. CJ was considering a site in another state, and the IEDA used a number of different state programs to ensure that CJ was able to do the project in Iowa.

The primary program the IEDA used in this case was the High Quality Jobs program. Under this program, IEDA was able to offer a total of \$7,711,000 in tax incentives and \$1.8 million in direct assistance to help the project succeed over the long haul.

PROJECT BUDGET



RETURN ON INVESTMENT

FISCAL IMPACT RATIO

As part of the High Quality Jobs program, the IEDA is required to calculate the “fiscal impact ratio” (FIR) of each project. The fiscal impact ratio is a rough estimation of the tax dollars that will come back to the state relative to the amount of incentives being awarded. In making the calculation, the IEDA uses a set of economic multipliers and tax tables assembled by a team of academics, economists and fiscal experts. While not required to do so by law, IEDA also calculates the fiscal impact ratio for the EZ program and was required to calculate it for all Values Fund projects as well.

For purposes of making FIR estimates, because it is calculated on the front end of every deal as part of negotiations, IEDA assumes every tax credit dollar will be claimed, even though the actual historical claim rate is much less than that. Also, the FIR estimate includes all forms of state assistance that are part of the project.

HIGH QUALITY JOBS AWARDS FISCAL IMPACT RATIO

FY 2012 AWARDED  =  3.1 RETURN

FY 2013 AWARDED (Through 12/31/12)  =  2.5 RETURN

ENTERPRISE ZONES AWARDS FISCAL IMPACT RATIO

FY 2012 AWARDED  =  3.3 RETURN

FY 2013 AWARDED (Through 12/31/12)  =  2.4 RETURN

Note: A fiscal impact ratio of 2.9 to 1 would mean IEDA estimates a return of \$2.90 in tax revenues for every \$1 of incentives provided.

AGGREGATE JOB CREATION AND CAPITAL INVESTMENT

In exchange for providing assistance to businesses considering an Iowa location, these companies create jobs for Iowans and make a capital investment that reverberates throughout the state's economy. Since Jan. 2011, 143 projects have been awarded incentives resulting in 15,023 jobs (direct, indirect, and induced) and capital investments totaling \$5.5 billion.

Fiscal Year	Projects Funded	Contract Jobs	Capital Investment
2007	91	3676	\$3,925,601,728
2008	86	4902	\$1,753,474,249
2009	44	2427	\$1,097,000,912
2010	68	2089	\$484,650,287
2011	81	3328	\$1,117,617,124
2012	101	3570	\$4,619,016,377
2013 (to 12/31/12)	24	862	\$1,869,714,955

BENEFITS IN COMPARISON WITH OTHER STATES

Providing incentives in exchange for jobs and capital investment is a global standard. *The New York Times* recently conducted a review of incentives provided across the U.S. as compared to state budgets and population. According to the report, Iowa allocates just four cents of every budget dollar to incentives for companies to locate in the state.

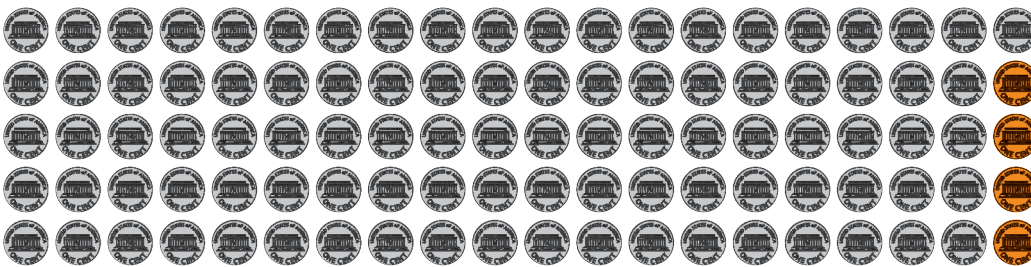
AT \$223 MILLION,
IOWA RANKS
41st
IN THE NATION FOR
TOTAL INCENTIVES



IOWA'S PER CAPITA SPENDING
ON INCENTIVES RANKS
42nd
IN THE NATION



IOWA ALLOCATION PER BUDGET DOLLAR TO INCENTIVES



IOWA RANKS
36th
IN THE NATION

State	Total Incentives	Per Capita	Per Dollar of Budget
Missouri	\$96.5 million	\$16	\$0.01
Minnesota	\$239 million	\$45	\$0.01
South Dakota	\$27.8 million	\$34	\$0.02
Iowa	\$223 million	\$73	\$0.04
Illinois	\$1.51 billion	\$117	\$0.05
Wisconsin	\$1.53 billion	\$268	\$0.10
Kansas	\$1.01 billion	\$355	\$0.17
Michigan	\$6.65 billion	\$672	\$0.30
Oklahoma	\$2.19 billion	\$584	\$0.37
Nebraska	\$1.39 billion	\$763	\$0.39
Texas	\$19.1 billion	\$759	\$0.51